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U.S. Office of price administration

OPA reports to Congress

[Washington]

1945

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OPA REPORTS TO CONGRESS

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CHESTER BOWLES, Administrator of the OFFICE OF PRICE ADMINISTRATION

to

The Banking and Currency Committees

March, 1945

In *The War of the Revolution*, the dollar depreciated to 33 cents.

In the *Civil War*, it dropped to 44 cents.

In *World War I*, it went down to 40 cents.

When Congress, in January 1942, passed the Price Control Act, it decided that the Nation should not again suffer from the ravages of wartime inflation.

We are reporting here on what has been done under the Act.

A YEAR AGO WE SAID THAT OUR MAJOR OBJECTIVES WERE THESE

1. First and most important of all . . . to keep the cost of living from soaring upward and to continue to control closely the cost of war materials.

2. To improve our methods for securing better adherence to OPA regulations . . . including more effective methods against the black market . . . through better compliance work and enforcement.

3. To use more effectively the practical experience of those who work and live under OPA regulations by discussing frankly different aspects of our programs with representatives of labor, farmer, businessman and consumer.

4. To develop a better and more efficient OPA organization with effective, experienced people in important positions, and thus to provide simpler, more practical, regulations . . . more quickly . . . and render better service to those affected by those regulations.

From the outbreak of World War II to the end of 1944 *wholesale prices* rose 39.6%

In a like period after the outbreak of World War I *wholesale prices* rose 114.7%

RISE IN WHOLESALE PRICES IN 2 WARS

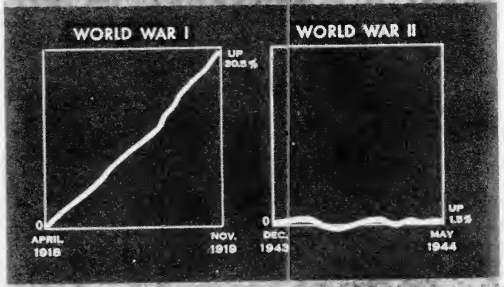
*Issued April 8th. Effective for the first full month in May.

From the outbreak of World War II to the end of 1944 *living costs* rose 28.8%.

In a like period after the outbreak of World War I *living costs* rose 84.4%.

RISE IN LIVING COSTS IN 2 WARS

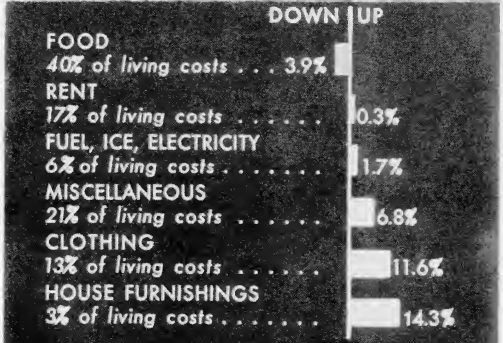
Below are shown trends of living costs from the 45th to the 64th months of the two wars.



With wholesale prices held firmly and living costs held to 1.5% gain since May 1943, it is clear that OPA has fulfilled the obligation placed upon it by Congress.

There is, however, no reason for overconfidence regarding our ability to hold the line in the future.

This is made clear if we look at the changes in retail prices from May 1943 to Dec. 1944


DOWN
UP
FOOD
40% of living costs . . . 3.9%
RENT
17% of living costs 0.3%
FUEL, ICE, ELECTRICITY
6% of living costs 1.7%
MISCELLANEOUS
21% of living costs 6.8%
CLOTHING
13% of living costs 11.6%
HOUSE FURNISHINGS
3% of living costs 14.3%

FOOD COSTS WENT DOWN BECAUSE . . .

1. Fresh fruit and vegetable prices were placed under controls for the first time during 1943.*

2. Food subsidies were used to reduce the price of meats, butter and peanut butter, and to prevent increases in canned fruits and vegetables, apples, dried beans, potatoes, prunes, raisins, vegetable oils, truck crops, milk, flour, cheddar cheese, peanuts, soy beans and sugar.

3. We were blessed in 1943 and 1944 with two of the best crops in the Nation's history.

*Potato and onion prices were controlled in the fall of 1942

Since nearly all food prices are now controlled, it is clear that we can expect no additional food price cuts in 1945

BUMPER FOOD PRODUCTION

1943 and 1944 farmers produced the greatest supply of food in the Nation's history. More acres were planted. Farmers worked harder. Wonderful growing weather also helped.

Farm food production per food acre 1938-1942 average . . . .

1943 farm food production per food acre . . . . . .

UP 19% OVER 1938-1942 AVERAGE

1944 farm food production per food acre . . . . . .

UP 22% OVER 1938-1942 AVERAGE

Were we to enjoy bumper food production again in 1945, it would be almost unbelievable good fortune.

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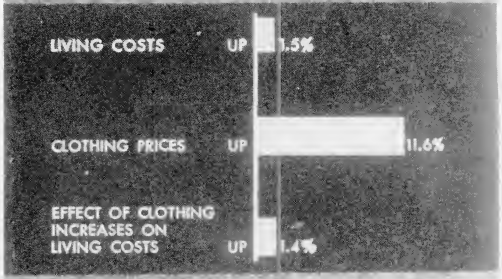
CLOTHING

The most dangerous increase in living costs since the Hold-the-Line Order became effective has been in clothing.



As will be seen, clothing price increases alone accounted for most of the increases in living costs.

To hold the line through 1945 such unwarranted increases had to be wiped out.

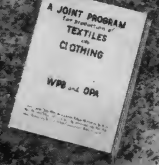
$3.95

$5.95

Clothing has been one of the most difficult of all products to control due to style changes.

A few extra stripes added to fabrics or a few buttons or trimmings added to garments and previous ceiling prices no longer applied.

WPB and OPA in March 1945 put into effect a joint textile-clothing program, designed to reduce clothing costs to the public by 6 to 7% by midsummer.



This should help
HOLD THE LINE

PRICING STANDARDS

Since the Price Control Act was passed in January 1942, OPA has held it to be its duty to refuse all price increases save those needed to meet standards set up in price control legislation.

Prices have been increased to . . .

1. Provide ceilings that are "generally fair and equitable."
2. Meet particular requirements of the law, such as those applied to agricultural commodities.
3. Provide prices necessary to secure supplies of goods essential to the war effort.

From time to time through use of these standards, prices of manufactured products have to be increased.

These increases, of course, become increases in the cost of the goods to wholesalers and retailers.

When this happens, OPA applies to the distributive trades essentially the same cost absorption standards applied to manufacturers.

Most industries have been able to meet wage rate and material price increases without comparable adjustments in their own ceiling prices.

In many cases the cost increases were offset by the benefits of new methods, larger volume, reduced unit overhead costs and other savings.

Many industries have been able to increase their average price per unit of output without higher ceiling prices by . . .

— concentrating on longer-margin lines

— selling to classes of customers for which ceiling prices are higher.

Because of these facts, relatively few price increases have been required to assure industries their peacetime profits.

Some business interests have urged that OPA adopt a cost-plus policy of pricing under which each cost increase — without consideration of offsetting cost decreases or other wartime changes — will result in a compensating price increase.

Such a policy would immediately and substantially increase the cost of living and in all probability upset the whole stabilization program.

Cost absorption, within the standards set forth, is the central principle of price control. Without it the line could not have been held for the past 19 months.

RENT CONTROL

Rents have advanced 3/10 of 1% since May 1943

During 1944, 72 new areas were brought under rent control, 2 areas were removed from control. These, with areas previously under control, are shown on this map:

80.6% OF ALL OCCUPIED RENTAL DWELLING ARE UNDER RENT CONTROL

Our greatest rent problem is enforcement with an inadequate enforcement staff and a willingness of tenants, desperate to get quarters, to agree with landlords to pay inflationary rents.

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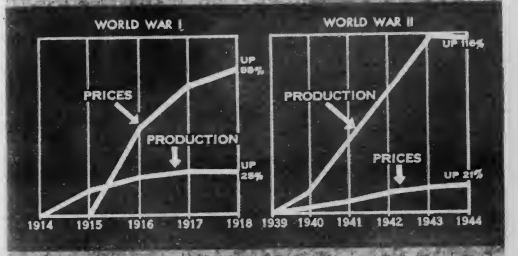
PRICE CONTROL PRODUCTION AND PROFITS

Some claimed a year ago that price control interfered with production. Such claims largely disappeared when it was shown that both farm and industrial production reached all-time peaks in Price Control years.

It seems worth while to bring these facts up to date.

INDUSTRIAL PRODUCTION



In World War I industrial production rose 25%; industrial goods prices rose 88%.

In World War II the situation has been reversed. Prices of industrial goods have risen only 21%. Industrial production has risen 116%.

FARM PRODUCTION

IN WORLD WAR I
FARM PRODUCTION
ROSE 5%

IN WORLD WAR II
FARM PRODUCTION HAS
INCREASED 25%

The gain in 1943 over 1939 had been 21%

A year ago there was much talk of business hardship because of price control.

Today these charges are not frequent.

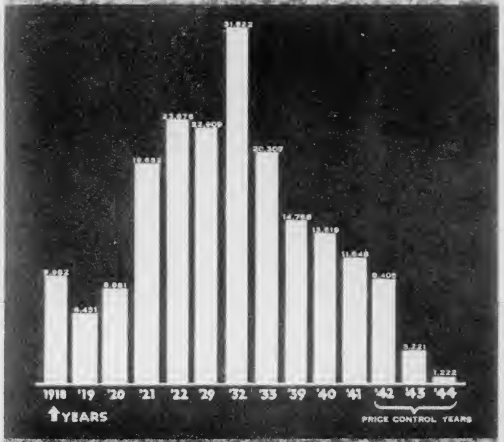
To complete the record, however, it may be well to bring up-to-date the figures presented last year and add a few more facts.

CORPORATION PROFITS

BILLIONS OF DOLLARS

There is no evidence in these figures of hardship caused by Price Control.

BUSINESS FAILURES



There is no evidence in these figures of hardship resulting from price control — either for big or for small business.

Source: DUNN & BRADSTREET

RETAILERS' PROFITS (Before Taxes)

Figures are less complete than those on industry profits. Available data indicate no general hardship from OPA Price Control.

	%GAIN IN PROFITS 1943 OVER AVERAGE 1936-39
HARDWARE RETAILERS	365%
SMALL FURNITURE STORES	168%
VARIETY CHAIN STORES	249%
APPAREL STORES (MEN'S)	299%
DEPARTMENT AND SPECIALTY STORES	1038%
CHAIN GROCERY STORES	137%
	GAIN OVER 1941 PROFITS
INDEPENDENT GROCERY STORES (Includes Management returns)	101%
	GAIN OVER 1939 PROFITS
MUSIC STORES	210%

WHOLESALER'S PROFITS — (Before Taxes)

Here, too, available data indicate no hardship

- In 1943 Hardware Wholesalers profits were 179% above 1936-39 average.
- In 1943 Drygoods Wholesalers profits were 639% above 1936-39 average.
- In 1943 Grocery Wholesalers profits were 30% above 1941.

Preliminary reports show that 1944 profits in most retail and wholesale trades are as large or larger than 1943 profits.

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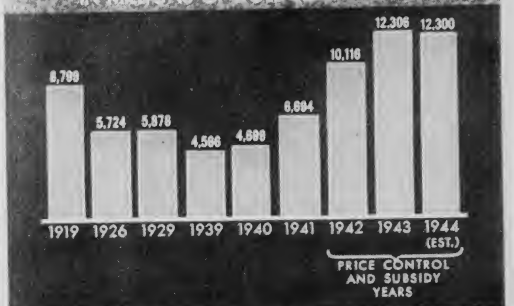
EARNINGS OF LABOR

Earnings of industrial workers reached all-time peaks in the three price control years.

FARM INCOME

NET INCOME OF FARM OPERATIONS
(Before Income Taxes)



These figures indicate that farmers have suffered no hardship from price control.

ADHERENCE TO OPA REGULATIONS

A year ago we said, "We must further improve our facilities for keeping businessmen and the general public informed on price and rationing regulations."

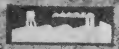
In commenting on the Black Market we said, "More effective methods and more manpower must be found to protect the public and the honest majority of businessmen."

Much progress has been made in reaching these objectives. But the task is gigantic.

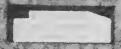
THE SIZE OF THE TASK

OPA price, rent and rationing regulations affect each of these places:

184,000
MANUFACTURING ESTABLISHMENTS...



200,000
WHOLESALE ESTABLISHMENTS.....



1,770,000
RETAIL ESTABLISHMENTS.....

1,000,000
SERVICE ESTABLISHMENTS.....

15,000,000
RENTED LIVING QUARTERS.....

500,000
HOTELS, ROOMING HOUSES.....

Even to check once a year prices, rationing compliance and rents in each establishment or house affected is a monumental task.

THE EXTENT OF THE PROBLEM

It is impossible to measure with any degree of accuracy the extent of violation of OPA regulations. We do know that serious areas of non-compliance exist....

- that overceiling charges are costing the American people hundreds of millions—perhaps billions — of dollars a year.
- that violation of rationing regulations is depriving millions of people of their fair share of rationed commodities.

HERE IS HOW OPA DOES ITS JOB

1. *INFORMING THE PUBLIC*
   The public must know about OPA regulations and the reasons for them if they are to give their full support.

2. *EDUCATING AND PERSUADING BUSINESSMEN TO COMPLY*
   Most business concerns will gladly adhere to OPA regulations if they understand them.

3. *BRINGING ENFORCEMENT SANCTIONS AGAINST VIOLATORS*
   Some violations will take place in spite of all efforts at voluntary compliance. It is the function of the Enforcement Department to bring enforcement action where such violations do occur.

Informing 130 million people, including business owners, their sales people and consumers about price control and rationing regulations is no easy undertaking.

The story often is complicated—hard to explain. Securing compliance probably will be more difficult in the months ahead—due to war optimism and war weariness.

We have been wholly dependent upon voluntary contributions of radio time and news and advertising space.

Many meetings have been held in various parts of the country to explain new regulations or amendments to business groups and enlist their support.

One important part of this program has been the creation of 824 Trade Cooperating Committees. Working mainly with our District Offices these committees of businessmen advise and assist us to obtain compliance with the regulations.

The plan for Trade Cooperating Committees has been approved by the Attorney General. It is a new instrument of first rank importance in our program to secure effective compliance.

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IN SEPTEMBER 1944 A CO-OPERATIVE CAMPAIGN WAS INITIATED BETWEEN GROCERS AND CONSUMERS TO . . . .

1. Bring about better posting of prices in food stores.
2. Get consumer to use posted prices.
3. Reduce the number of overceiling charges.

STORES WITH VISIBLE POSTING

October 1944 . . . . 80%
December 1944 . . . 91.5%

MAIN RELIANCE FOR SECURING COMPLIANCE IN RETAIL STORES RESTS WITH 7909 VOLUNTEER *PRICE PANELS* AND THEIR PRICE PANEL ASSISTANTS.

40,000 Price Panel assistants made 4,800,000 calls upon merchants in 1944.

350,000 Complaints were received from consumers, merchants and Price Panel assistants.

21,000 Cases were referred for enforcement action.

After the Administrator last year was given authority by Congress to bring suit for violations if consumers after 30 days fail to do so...

Price panels on behalf of the Administrator were authorized to negotiate settlements with violators—subject to District Office approval.

COLLECTED SEPTEMBER THROUGH DECEMBER 1944

Refund to customers ...	$198,600.00
Paid to U.S. Treasury ..	$234,100.00
Total ..	$432,700.00

Major enforcement drives during 1944 against BLACK MARKET OPERATIONS were made in....

- MEAT
- POULTRY
- FRESH FRUIT and VEGETABLES
- SUGAR
- GASOLINE
- TEXTILES
- APPAREL
- LUMBER
- WASTEPAPER
- RENT
- USED CARS

ENFORCEMENT ACTIVITY IN 1944

333,151 investigations disclosed
338,029 violations

WHAT WE DID ABOUT THEM...

- Informal adjustments . . 205,779
- Administrative action . . 29,730
  - license warning notices
  - ration revocations
  - suspension order proceedings
- Monetary settlements . . 22,702
- Litigation instituted 28,903
  - treble damage suits
  - injunction suits
  - criminal prosecution suits
  - license suspension suits
  - suits under local legislation

287,114

- Still pending 50,915

338,029

Monetary collections . $21,313,657
fines, treble damage, settlements, suits, contributions

With an increase in staff since January 1944 of about 30% the number of court cases instituted rose from 862 in January to 4,962 in December, a gain of 476%.

COURT CASES INSTITUTED MONTHLY DURING 1944

OPA'S RECORD IN COURT

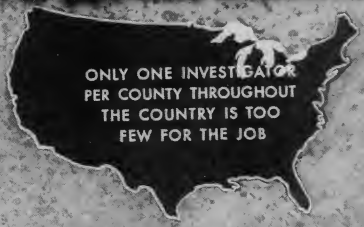
In general during 1944 OPA has received the support of the courts

The record in the Appellate Courts also is good.

	WON	LOST
• SUPREME COURT	3	1
• CIRCUIT COURTS OF APPEAL		
APPEALED BY OPA	25	8
APPEALED BY PETITIONERS	13	0
• STATE SUPREME COURTS	6	3
TOTALS	47	12

WON...80%

Nothing could be done which would make 3069 investigators adequate to the gigantic task of enforcement.



EMPLOYED IN THE NATION

Protecting the Nation against fire	77,800 firemen
Protecting life and property	171,000 police
Protecting property	212,200 guards
Protecting crossings and bridges	16,300 watchmen
Protecting the Nation against price chiselers, hoarders and black marketeers	3,069 OPA investigators

PER OPA INVESTIGATOR

SQUARE MILES	984
CIVILIAN POPULATION	42,292
WHOLESALE AND RETAIL ESTABLISHMENTS	651

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The increasing pressures in the months to come will fall heavily upon enforcement.

The American public and the great majority of honest American businessmen are demanding action to curb violations of OPA price, rent and rationing controls.

In order to secure satisfactory adherence to regulations we need....

- CONTINUED PUBLIC AND INDUSTRY SUPPORT.
- A VIGOROUS INFORMATION, COMPLIANCE AND ENFORCEMENT PROGRAM.
- A MUCH LARGER ENFORCEMENT STAFF.

BETTER GROUP CONTACTS

Last year we indicated to you that we wanted to extend our Advisory Committees until they represented the main groups in the economy.

This brought us helpful advice from those most concerned in price, rent and rationing programs, and aided us in administration.

FARMERS AND OPA

1. The Agricultural Relations Adviser, aided by seven Regional Agricultural Relations Advisers, appointed during the year, serve as an effective link between farm groups and OPA.

2. Farm representation on local boards has been increased.

JANUARY 1944	JANUARY 1945
8,624 farmer members	9,689 farmer members

3. District agricultural advisory committees have been extended.

JANUARY 1944	JANUARY 1945
10 committees	61 committees
200 members	1,220 members

4. More farm representatives have been added to Industry Advisory Committees.

JANUARY 1944	JANUARY 1945
29 committees	45 committees
219 farmer members	357 farmer members

5. The Administrator and Agricultural Relations Adviser, with the War Food Administrator, meet monthly to exchange views with farm leaders.

INDUSTRY AND OPA

To make business advice more effective these steps have been taken

1. An Office of Advisory Committees was set up to insure that committees are heard and their recommendations considered.

2. Industry Advisory Committees were increased during the year.

JULY 1944	FEBRUARY 1945
399 committees	536 committees
5311 members	7216 members

3. Approximately 20,000 formal and informal industry meetings were held during the year.

4. All formal industry recommendations are acted upon, either:

- written into regulations or amendments,
- replied to on the meeting record,
- denied by letter from the Administrator or,
- replied to in the Statement of Considerations.

CONSUMERS AND OPA

1. National Consumer Advisory Committee of 26 consumer leaders has given counsel.

2. Consumer Relations Adviser appointed to serve as liaison between
   - Administrator and National Committee,
   - Administrator and Consumers.

3. 39 Consumer Advisory Committees set up in District Offices (more than 400 members in December 1944).

4. Improved understanding of price control, rent control and rationing regulations has resulted.

5. More than 17,000 persons, classified as consumers, on local boards; and at least twice as many consumers as volunteer assistants.

LABOR AND OPA

1. The National Labor Policy Committee, assisted by the Office of Labor Relations, has continued to serve as the link between the Administrator and organized labor. Consultations have been frequent.

2. 102 Labor Advisory Committees in District Offices meet frequently with District Directors and aid in recruitment of labor members for War Price and Rationing Boards and Panels.

3. Union Cost of Living Committees and conferences sponsored by organized labor have aided greatly in spreading information about OPA regulations and in recruiting Price Panel assistants and other volunteer workers from the ranks of labor.

4. More than 5,000 members of unions are serving as volunteer members of War Price and Rationing Boards.

5. 90,000 union members are serving on Plant Transportation Committees.

VETERANS AND OPA

To lend all practicable aid to discharged veterans, OPA, after consulting with Veterans' Organizations, is taking these steps . . .

1. Appointing a Veterans' Relations Adviser in Washington and in Regional Offices; assigning a man to handle veterans' needs in each District Office.

2. Establishing Veterans' Advisory Committees in District Offices.

3. Revising ration regulations to permit eligible veterans to get quotas of materials needed for starting certain small businesses.

4. Revising price regulations to facilitate veterans entering businesses they operated before they joined the services.

5. Revising rent regulations to make it unnecessary for veterans to make a 20% cash down payment of their own money in buying homes when eviction of tenant is involved.

6. Making a special effort to recruit veterans for OPA Civil Service jobs.

THE OPA ORGANIZATION

A year ago we indicated a major effort would be made to improve administration further. We emphasized need for.....

- more people with practical experience,
- simplification of regulations and procedures,
- prompter action for those under OPA regulations.

Let us review the OPA organization and methods and see what progress has been made

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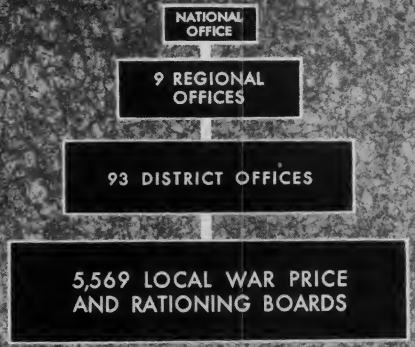
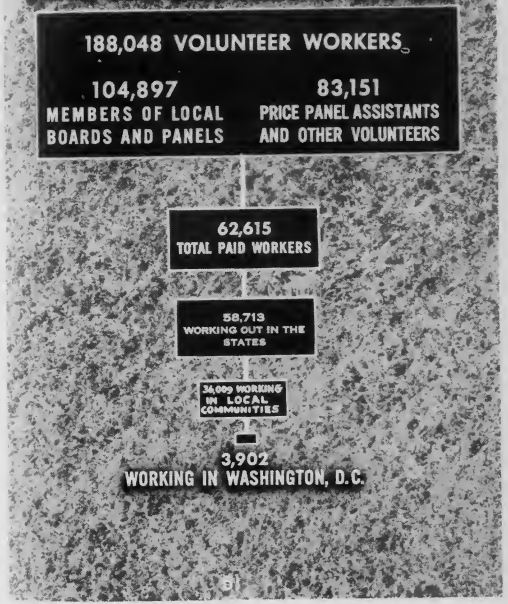
ORGANIZATION

OPA regulations are drafted in Washington but the major part of OPA activities are carried on in the field.



STAFF

SERVING EVERY LOCAL COMMUNITY IN AMERICA



OPA IS MANNED 71% BY VOLUNTEERS

A LOCAL BOARD IN ACTION

The great bulk of OPA's administrative work is carried on by 5,569 local War Price and Rationing Boards.

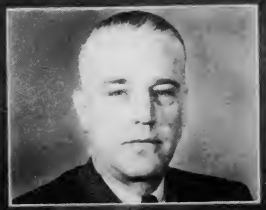
In order to see how these boards are organized and how they meet their problems let's visit a typical board at Rock Island, Illinois.

FULL BOARD MEETING - - - ROCK ISLAND

TUESDAY, FEBRUARY 20 — 1:30 P.M.
COUNCIL CHAMBERS, CITY HALL
(OPA Quarters are located in the basement)

MEMBERSHIP

Manufacturers	2	Boy Scout Executive	1
Storekeepers	2	Athletic Coach	1
Retired Merchant	1	Farmer	1
Retired Wholesaler	1	Dairy Superintendent	1
School Teachers	2	Publicity Director	1
Attorney	1	Auto Dealers	3
Newspaper Publisher	1	Office Manager	1
Union Members	3	Plumbing Contractor	1
Housewives	5	Manager of Radio Station	1
Business Assoc. Exec.	1		



MEET THE CHAIRMAN

An Unpaid Volunteer, Age 44

Job — Director of Publicity, Modern Woodmen of America
Past President, Optimist Club

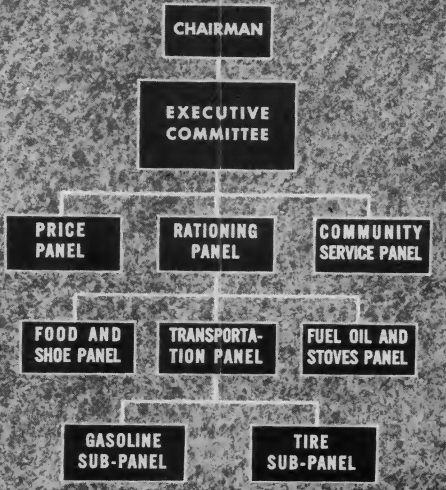
He supervises

- 5 PANELS (30 members),
- 12 PAID EMPLOYEES,
- 14 CLERICAL VOLUNTEERS,
- 14 PRICE PANEL ASSISTANTS.

12 PAID EMPLOYEES

58 VOLUNTEERS

ORGANIZATION OF THE ROCK ISLAND BOARD



THE EXECUTIVE COMMITTEE

"DEMOCRACY IN ACTION"

TRANSPORTATION CHAIRMAN
Union Official

FUEL OIL CHAIRMAN
Oil Burner M'fr.

BOARD CHAIRMAN, PUB. DIR.,
Modern Woodmen of America

FOOD AND SHOE CHAIRMAN
Secy., Bus. Men's Club

COMMUNITY SERVICE
CHAIRMAN
Retail Merchant

PRICE PANEL
CHAIRMAN
Boy Scout Executive

Meets regularly with Local Board Supervisor from District Office to plan workload.

Serves as steering committee for all Board activities.

PRICE PANEL MEETING

Tuesday February 20, 9:30 A.M.
Panel Meeting Room, City Hall

PANEL MEMBERS

Chairman—Boy Scout Executive

- RETIRED HARDWARE DEALER
- HOUSEWIFE
- LAWYER
- SCHOOL TEACHER
- BAKERS' UNION OFFICIAL

WHAT THE PRICE PANEL DID...

SALE OF CHICKEN CUSTOMER ALLEGED OVER CEILING.
Result: NO VIOLATION, CASE DISMISSED.

OVERCHARGE ON LETTUCE AND BANANAS
Result: DEALER CLAIMED OVERCHARGE BY WHOLESALER. DEALER WARNED, WHOLESALER INVESTIGATED BY DISTRICT OFFICE.

DEALER QUOTED 35¢ INSTEAD OF 33¢ FOR A LOIN END PORK, BUT NO PORK IN HIS STOCK.
Result: FIRST OFFENSE -- DEALER SIGNED A COMPLIANCE STATEMENT.

SURVEY DISCLOSED 2¢ OVERCHARGE ON PORK CHOPS. PANEL NEGOTIATED $62.40 SETTLEMENT TO U. S. TREASURY, REPRESENTING 26 WEEKS ESTIMATED OVERCHARGE ON PORK CHOPS.

OVERCHARGE ON 5¢ CUP OF COFFEE.
Result:
CASE DISMISSED, INSUFFICIENT EVIDENCE.

OVERCHARGE ON SALE OF USED CAR WITHOUT WARRANTY. *Result:* DEALER WARNED -- WARRANTY GIVEN -- CUSTOMER SATISFIED.

SALE OF CHEVROLET AT $50. OVER CEILING.
Result: $50. REFUNDED TO CUSTOMER. A WAR WORKER.

There being no other business, the Panel adjourned at 11:10 A. M.

PRICE PANEL ASSISTANTS

15 Rock Island Volunteer Price Panel assistants call on stores, explain regulations, distribute price cards, call attention to over-ceiling prices and report back to Price Panels.

1. RAILROAD SIGNAL REPAIRMAN'S WIFE
2. OFFICE WORKER'S WIFE
3. BUTCHER'S WIFE
4. BOY SCOUT DIRECTOR
5. ORDNANCE ENGINEER'S WIFE
6. DEFENSE WORKER
7. MACHINIST'S WIFE
8. RADIO REPAIRMAN
9. FOREMAN'S WIFE
10. FARMER'S WIFE
11. PART TIME STORE CLERK
12. BEAUTY OPERATOR
13. PURCHASING AGENT'S WIFE
14. MACHINIST'S WIFE
15. MACHINE OPERATOR'S WIFE

FUEL OIL PANEL MEETING

Monday, February 19, 3 P.M.
Panel Meeting Room, City Hall

MEMBERS

Chairman — Plumbing Contractor
Oil Burner Manufacturer — Automobile Dealer

TRANSPORTATION PANEL MEETING

Held Saturday, February 16, 10 A.M.

MEMBERS

CHAIRMAN — Labor Union Official

- Advertising Executive
- Athletic Coach
- Automobile Dealers (2)
- Farmer
- Dairy Superintendent
- Union Secretary
- Office Manager
- Manufacturer

WHAT THE TRANSPORTATION PANEL DID

1. PUBLIC SCHOOL MAINTENANCE MAN GRANTED CERTIFICATE FOR USED '42 MODEL.
2. TELEPHONE LINEMAN GRANTED NEXT RATION AHEAD OF TIME.
3. FARM OWNER GIVEN MORE "B" CARD GAS TO SUPERVISE REPAIRS.
4. MAN ASKED EXTRA GAS TO VISIT MOTHER IN HOSPITAL. DENIED -- PUBLIC TRANSPORTATION AVAILABLE.
5. TEACHER GIVEN MORE GAS. FIRST RATION MISCALCULATED.
6. DAUGHTER GRANTED GAS FOR TRIP TO FIRE FURNACE OF 81 YEAR OLD MOTHER LIVING ALONE.*
7. WAR WORKER WITH 2ND JOB DENIED EXTRA GAS -- COULD USE PUBLIC TRANSPORTATION.
8. ELEVATOR REPAIR MAN GIVEN GAS FOR 75 MILES EXTRA DRIVING FOR EMERGENCY NIGHT CALLS.
9. RATION BOOK LOST. NEW "A" BOOK ISSUED WITH REDUCED COUPONS.
10. MARINE ON 15 DAY FURLOUGH GRANTED 15 GALLONS.
11. PEOPLE BUYING FARM IN WISCONSIN GIVEN GASOLINE TO MOVE THERE.
12. SALESMAN HAS "B" RATION. APPLIED FOR "C" BECAUSE TERRITORY WAS INCREASED. APPLICATION DENIED.

*GIVEN OUT OF BOARD'S HARDSHIP QUOTA.

TIRE PANEL MEETING

Meeting, Saturday, February 16,
2 P.M. to 4:30 P.M.

MEMBERS

CHAIRMAN—Automobile dealer
2nd member auto dealer

Nurse shown in picture on emergency case in St. Anthony Hospital was given a tire certificate in 2 minutes.

Applications granted 50

War workers 25

Farmers { PASSENGER TIRES 2 / TRACTOR TIRES 16

Miscellaneous . . . 7

Applications denied . . 12

FOOD AND SHOE PANEL

Meeting held February 20, 4 P. M.

CHAIRMAN -- SECRETARY, BUSINESS MEN'S CLUB
RETIRED WHOLESALE GROCER -- HOUSEWIFE

PANEL DECISIONS

HIGH SCHOOL CAFETERIA POINTS RE CALCULATED AND REQUEST GRANTED

HOTEL FED 1100 SOLDIERS IN TRANSIT SUPPLEMENTAL ALLOTMENT GRANTED

SAFETY SHOE CERTIFICATE GRANTED A MILL WORKER

SHOE RATIONS FOR TWO CHILDREN GRANTED

THERE BEING NO FURTHER BUSINESS THE MEETING ADJOURNED AT 4:30 P. M.

THE COMMUNITY SERVICE PANEL

Meeting February 19, 11 A. M.

MEMBERS

Chairman — Ladies' Ready-to-wear Retailer

- Newspaper publisher
- Radio station mgr.
- Retail merchant
- Housewives (2)
- High school principal
- Labor Union Executive

Radio discussion arranged "How Price Control Affects The Housewife"

A display of charts planned for Public Library.

Publicity program for coming month laid out.

NATIONAL WORKLOAD

The Rock Island Board is only one among 5569 War Price and Rationing Boards in the land.

Together they handled this workload...

- 1,050,000,000
  Individual rations issued to date.
- 1,500,000,000
  Pounds of canning sugar rationed in 1944.
- 4,800,000
  Store visits in 1944 to inform about regulations and aid compliance.
- 1,575,000
  Retail price actions handled in 1944.

WHERE DO WE GO FROM HERE?

Having reviewed . . .

- the trend of prices, rents, production and profits,
- compliance and enforcement problems,
- improvement in group relationships and
- OPA's organization and procedures

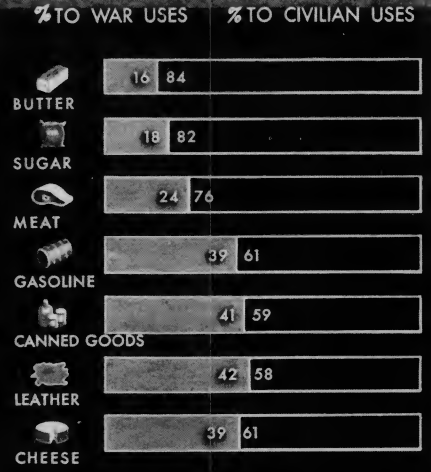
It may be well to take a brief look ahead.

RATIONING

OPA's rationing authority comes from the War Powers Act not from the Stabilization Extension Act; but price control and rationing are in many ways related. Wartime shortages make both price control and rationing necessary.

Let us review briefly the supply situation of each rationed commodity; then consider what lies ahead.

This chart shows the extent to which war need cut civilian supplies of some rationed commodities in 1944.



PASSENGER TIRES

CIVILIAN SUPPLY

1941
53,500,000

1944
18,000,000

66% LESS THAN IN 1941

5 million tires were rationed to "B" and "C" gasoline bookholders in October, November, December 1944 but only 70% of the eligible applicants could be given certificates.

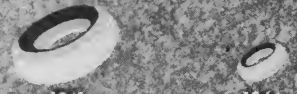
There have been no new tires for 10,000,000 "A" bookholders.

Most tires in use are in their 4th year of service.

Production has been cut 25% for the 1st quarter of 1945 — due to increased military demands.

TRUCK TIRES

CIVILIAN SUPPLY



1941
12,000,000

1944
5,400,000

55% LESS THAN IN 1941

Although the Nation's trucks are carrying the greatest load in history, truck tires for civilian use have decreased in number due to military needs.

TRUCK TIRES FOR CIVILIAN USE

June and July 1944 . . . . 500,000 a month

August through Dec. 1944 . 400,000 a month
(INCREASED MILITARY NEEDS)

January 1945 . . . . . 326,000 a month

GASOLINE

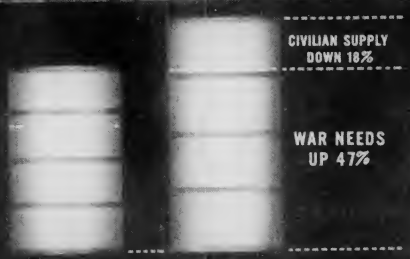
Refining of crude oil has risen sharply since 1941.

BUT...

Gasoline for civilian use has dropped sharply.

FUEL OIL

War needs took 78% of our 1944 supply



1941	1944	
662,900,000 BARRELS	830,000,000 BARRELS	*Total up 25%*

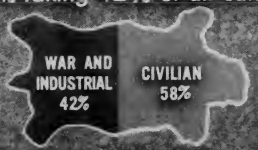
But supply for most households must be cut more than 18%

Because—

- Some essential users like hospitals cannot be cut this much.
- More homes, housing projects, apartments, and trailers are using fuel oil.

SHOES

WAR is taking 42% of all cattle hides

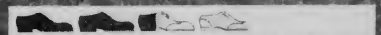


23,390,000 cattle hides in 1944

RESULT

This is what happened to civilian shoe supplies

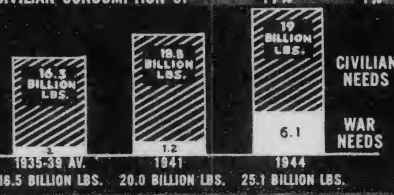
1941		
Total 478 Million	369,000,000 PAIRS OF TYPES NOW RATIONED	109,000,000 NON-RATIONED TYPES



1944		
Total 416 Million	256,000,000 PAIRS OF TYPES NOW RATIONED	160,000,000 NON-RATIONED TYPES

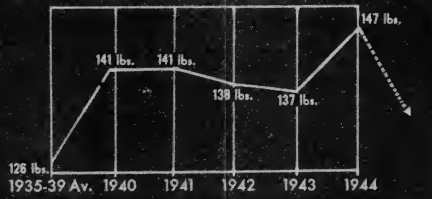
MEAT

	1944 Over 1935-39 Av.	1944 Over 1941
TOTAL CONSUMPTION UP	52%	26%
WAR USE UP	2950%	403%
CIVILIAN CONSUMPTION UP	17%	1%



Civilians have been eating 17% more meat than before the war.*

MEAT CONSUMED PER PERSON

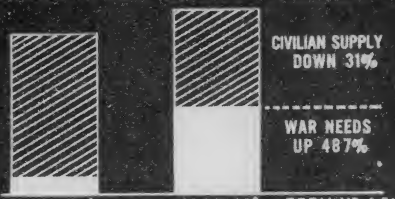


*War demands are cutting civilian meat supplies in 1945.

PROCESSED FOODS

1944-45 SUPPLY COMPARED WITH 1941-42

TOTAL SUPPLY UP	6.5%
WAR NEEDS UP	487%
CIVILIAN SUPPLY DOWN	31%



CIVILIAN SUPPLY BY TYPES

(1944-45 SUPPLY COMPARED WITH 1941-42)

• Canned Fruits	Down	59%
• Canned Vegetables	Down	36%
• Canned Juices	Down	43%
• Canned Specialties (Soups, Baby Foods, etc.)	Down	1%

*JULY 1 TO JULY 1

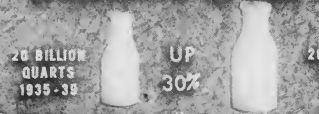
DAIRY PRODUCTS

Milk production is up 14%, 1944 over 1935-39 average

BUT,

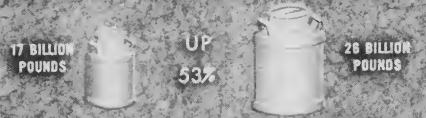
1. The Armed Forces and civilians are using 30% more fluid milk.

CONSUMPTION OF FLUID MILK



2. War requires milk in easily shipped and lasting forms. *Result:* diversion of milk to make cheese, canned milk, powdered milk and dry ice cream mix.

MILK USED FOR PROCESSED PRODUCTS

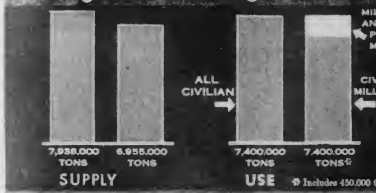


DRINK MILK OR EAT BUTTER?

The average consumer drank 38 more quarts of milk in 1944 than in 1935-39 -- ate 5 pounds less butter.

SUGAR

War made deep cuts in the Nation's sugar supply and took a great tonnage for its use.



RESULT

Sugar per civilian dropped from...

This includes sugar consumed in homes and public eating places, as well as that used in baked goods, canned goods and candies.

FAMILY INCOME DOUBLED

Not only are civilian supplies of many goods reduced, but demand has risen sharply as a result of greatly increased family buying power.

MEDIAN FAMILY INCOME 1936-39

MEDIAN FAMILY INCOME — 1944

RESULT: Even had goods available equalled pre-war supplies they still would have been too small for swollen demand.

It is clear from the foregoing facts that supply of most rationed commodities will not catch up with demand for many months.

Problems of supply will be with us until the end of the Japanese war.

PRICE PROBLEMS AHEAD

Price problems will not end with Germany's defeat.

Inflationary pressures of the past 12 months are piled on top of those of the last four years.

The Japanese war alone will generate inflationary pressures exceeding those of any other war.

INFLATIONARY PRESSURE NO. 1

TOTAL WAR COSTS

WORLD WAR I
To its end

WORLD WAR II
July 1940 through
December 1943

WORLD WAR II
July 1940 through
December 1944

INFLATIONARY PRESSURE NO. 2

THE PUBLIC'S INCOME AFTER TAXES

World War I — $56,000,000,000 — 1918

World War II — $124,600,000,000 — year 1943

World War II — $137,500,000,000 — year 1944

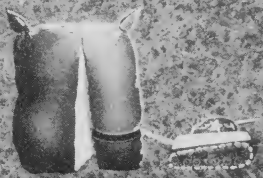
Up 12.9 billion dollars over 1943 in 1944

INFLATIONARY PRESSURE NO. 3

% OF GOODS GOING TO WAR

For Civilians 75% — For War 25%

WORLD WAR I



For Civilians 56% — For War 44%

WORLD WAR II

Remains approximately the same as a year ago.

INFLATIONARY PRESSURE NO. 4

ACTUAL CURRENCY IN CIRCULATION

WORLD WAR I

Start

After 52 Months
to the Armistice

UP 24% OVER A YEAR AGO ➡

WORLD WAR II

Start

After 52 Months

After 64 Months

INFLATIONARY PRESSURE NO. 5

CHECKING ACCOUNTS IN BANKS

WORLD WAR I

JUNE 1914

JUNE 30, 1918

UP 7% OVER A YEAR AGO ➡

WORLD WAR II

JUNE 30, 1939

JUNE 30, 1943

JUNE 30, 1944

INFLATIONARY PRESSURE NO. 6

EXCESS OF PUBLIC'S INCOME OVER GOODS AND SERVICES — 1944

$137,500,000,000 = Public Income after Taxes.

$97,500,000,000 = Goods and Services for Civilians.

$40,000,000,000 = Excess of Public's Income over Goods and Services.

INFLATIONARY PRESSURE NO. 7

INCREASES IN SAVINGS

Pearl Harbor to end of 1944

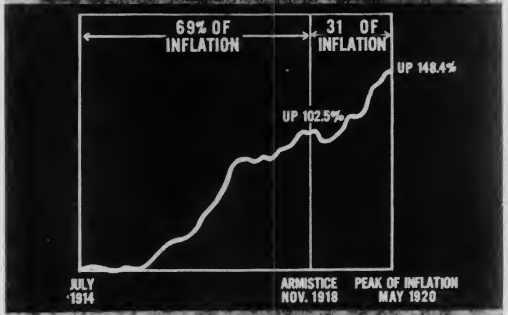
100 BILLION DOLLARS

Over three times total cost of World War I. Increasing at the rate of about $3,000,000,000 a month.

AFTER THE LAST WAR

No one planning post-war policies can overlook the fact that a large part of World War I inflation came after the Armistice.

RISE IN WHOLESALE PRICES -- WORLD WAR I



In the case of living costs—43% of the rise came after the Armistice.

After the last war--COLLAPSE!

It took prices 5 years, 10 months to reach their peak, from the start of World War I.

But collapse came in 13 months

WHOLESALE PRICES

This brought tragedy to millions of people.

COLLAPSE AFTER WORLD WAR I

CORPORATION PROFITS TURNED TO LOSSES

All Corporations — after taxes

CUTS IN DIVIDENDS REDUCED BUYING POWER AND ADDED TO UNEMPLOYMENT

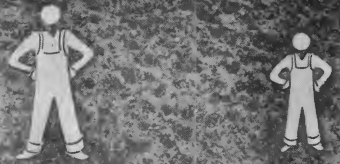
COLLAPSE AFTER WORLD WAR I

BUSINESS FAILURES

In the 5 years following the World War I price collapse, 105,996 businesses failed.

This was 40% more than total failures in the 5 years before the war.

COLLAPSE AFTER WORLD WAR I
THERE WAS GROWING UNEMPLOYMENT



1920 1921

Factory employment shrank 31%

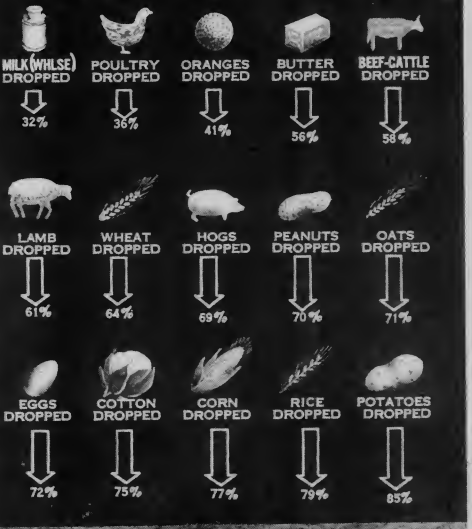
UNEMPLOYMENT INCREASED
5,624,000
between 1919 and 1921

1920 1922

$246,000,000 (Weekly) $136,000,000 (Weekly)

Factory payrolls shrank 44%

THIS IS WHAT HAPPENED TO FARM PRICES AFTER WORLD WAR I



From peak of inflation to bottom of collapse 1920-1921

COLLAPSE AFTER WORLD WAR I

1922–1926

IN THE NEXT 5 YEARS

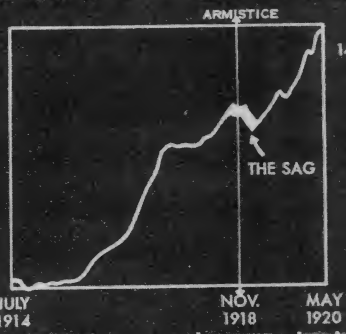
450,000 FARMERS LOST THEIR FARMS BY MORTGAGE FORECLOSURE

AFTER THE LAST WAR

It should be noted that prices did not shoot upward at once—following the Armistice.

There was a Sag when wholesale prices declined. Then prices rose to the inflation peak that brought tragedy.

RISE IN WHOLESALE PRICES—WORLD WAR I



We must not be misled by the Sag this time!

WHAT LIES AHEAD?

The fact that we have held prices for 20 months is no reason for overconfidence.

Favorable conditions of that period may not be repeated.

Inflationary forces pile higher with each passing month.

The Japanese war alone will generate pressures for price increases exceeding those of any previous war.

Especially must we beware of overconfidence and complacency if a down-swing in prices should follow Germany's defeat.

The transition period when it comes will create serious problems

1. Scrambling for inventories by manufacturers, wholesalers and retailers.

2. Cashing of war bonds.

3. People with more than a hundred billions in savings hungry for still scarce goods.

4. Demand by business for increases to meet temporary bulges in costs.

5. Dislocations of production during reconversion.

Throughout the transition period our objectives must remain the same

WE MUST STABILIZE PRICES AND PRESERVE THE VALUE OF THE DOLLAR

- for returning service men,
- for buyers of war bonds,
- for farmers,
- for labor,
- for white collar workers,
- for pensioners from this and previous wars,
- for widows and retired persons living on savings.

--for all of the Nation's 35,000,000 families and 3,000,000 business establishments.

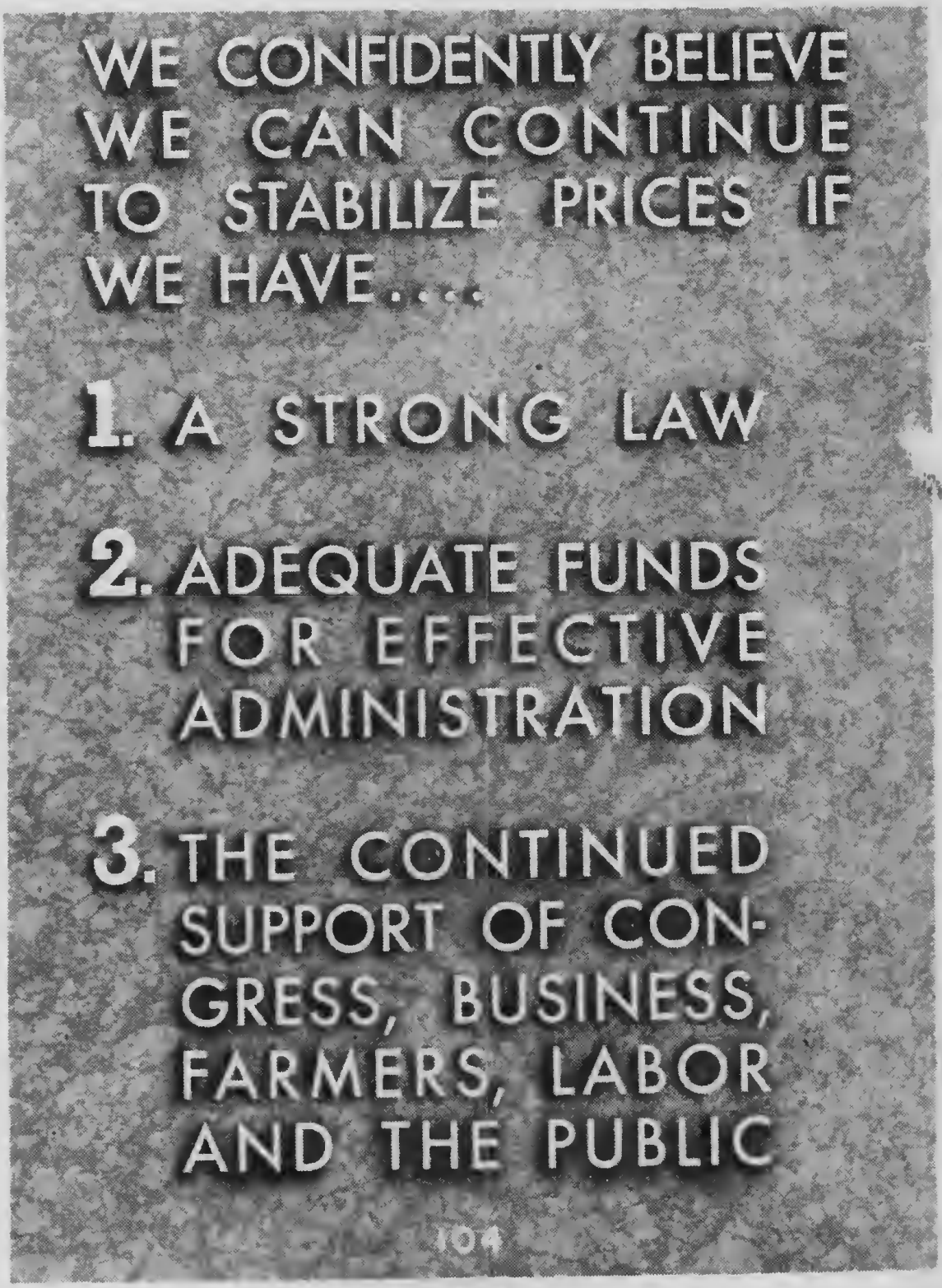
The program must be flexible so that as conditions change it will encourage full employment while holding the forces of inflation safely in check.

Whatever comes, we are confident that a safe course can be steered through the transition period.

Price control and rationing are purely war measures — to be gotten rid of as soon as the supply of war scarce goods catches up with demand and their removal can be safely accomplished without...

- unfair distribution of goods in scarce supply because of the war, or...
- danger that prices will shoot upward as they did after World War I.

It would be a national catastrophe if after more than three years of extraordinary success in stabilization, we should lose the battle to control prices — in the last round.


WE CONFIDENTLY BELIEVE WE CAN CONTINUE TO STABILIZE PRICES IF WE HAVE....
1. A STRONG LAW
2. ADEQUATE FUNDS FOR EFFECTIVE ADMINISTRATION
3. THE CONTINUED SUPPORT OF CONGRESS, BUSINESS, FARMERS, LABOR AND THE PUBLIC
104

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